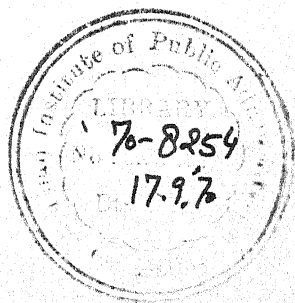


# THE REORGANISED PLANNING COMMISSION

A Study in the Implementation of  
Administrative Reforms

H. K. PARANJPE



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NOTE : In this paper :

- (i) Wherever the word Commission appears, it means the Planning Commission;
- (ii) Wherever the words A.R.C. appear, they mean the Administrative Reforms Commission;
- (iii) Wherever the words Study Team appear, unless otherwise specified, they mean the A.R.C.'s Study Team on the Machinery for Planning ; and
- (iv) in the foot-notes :
  - (a) A.R.C.—I, refers to A.R.C.'s Interim Report on the Machinery for Planning, submitted in April, 1967.
  - (b) A.R.C.—II, refers to the A.R.C.'s Final Report on the Machinery for Planning, submitted in March, 1968.
  - (c) Study Team—I, refers to the Interim Report of the Study Team on the Machinery for Planning, submitted in March, 1967.
  - (d) Study Team—II, refers to the Final Report of the Study Team on the Machinery for Planning, submitted in December, 1967.

## FOREWORD

The Indian Institute of Public Administration was closely associated with the work done by the Administrative Reforms Commission regarding the Machinery for Planning. Our Research Unit on Planning had already undertaken studies regarding the organisation and functioning of the Planning Commission and Dr. Paranjape's 'Planning Commission—A Descriptive Account' had already been published. Shri Morarji Desai, then Chairman of the Administrative Reforms Commission suggested that our Research Unit on Planning should be closely associated with the Study Team that the A.R.C. was setting up for the purpose and that Dr. Paranjape should act as its Member-Director. It is well-known that the Report of the Study Team and later that of the A.R.C. was followed within a few months by the reconstitution of the Planning Commission.

The Institute is undertaking studies in various fields, both for evaluating how far the reforms suggested by the Administrative Reforms Commission have been implemented and for further helping the process of implementation. As a part of this work, Dr. Paranjape undertook to prepare a Study regarding the changes that have occurred in the Planning Machinery and Process since the new Planning Commission was constituted. He prepared an initial draft last year. It was, however, then felt that some more time should be permitted to elapse before such a review was finalised for publication. It is true that even two and a half years time is not long enough for the very basic reforms in the Planning Machinery and Process that the A.R.C. and its Study Team had recommended. It is, however, necessary to take an interim look at what is happening so as to focus the attention, not only of the Planning Commission and the Government, but of the interested public on the importance of continued implementation of the reforms suggested.

As Dr. Paranjape has pointed out, he has had to rely largely on published sources for evaluating the manner in which the Commission has worked in the last two and a half years.



Informal enquiries indicated that the Commission would prefer such a Study to be conducted without any formal cooperation between the Commission and the Institute. It is not unlikely that certain aspects of the Commission's functioning have therefore not received enough attention. Not every one would agree with Dr. Paranjape's conclusions. His analysis is, however, presented so as to make it available to interested students of Public Administration. It need not be added that the views expressed in the brochure are those of Dr. Paranjape himself and not of the many persons who were kind enough to help him by discussing various problems with him; nor do they represent the views of the Institute as such.

NEW DELHI

May 30, 1970

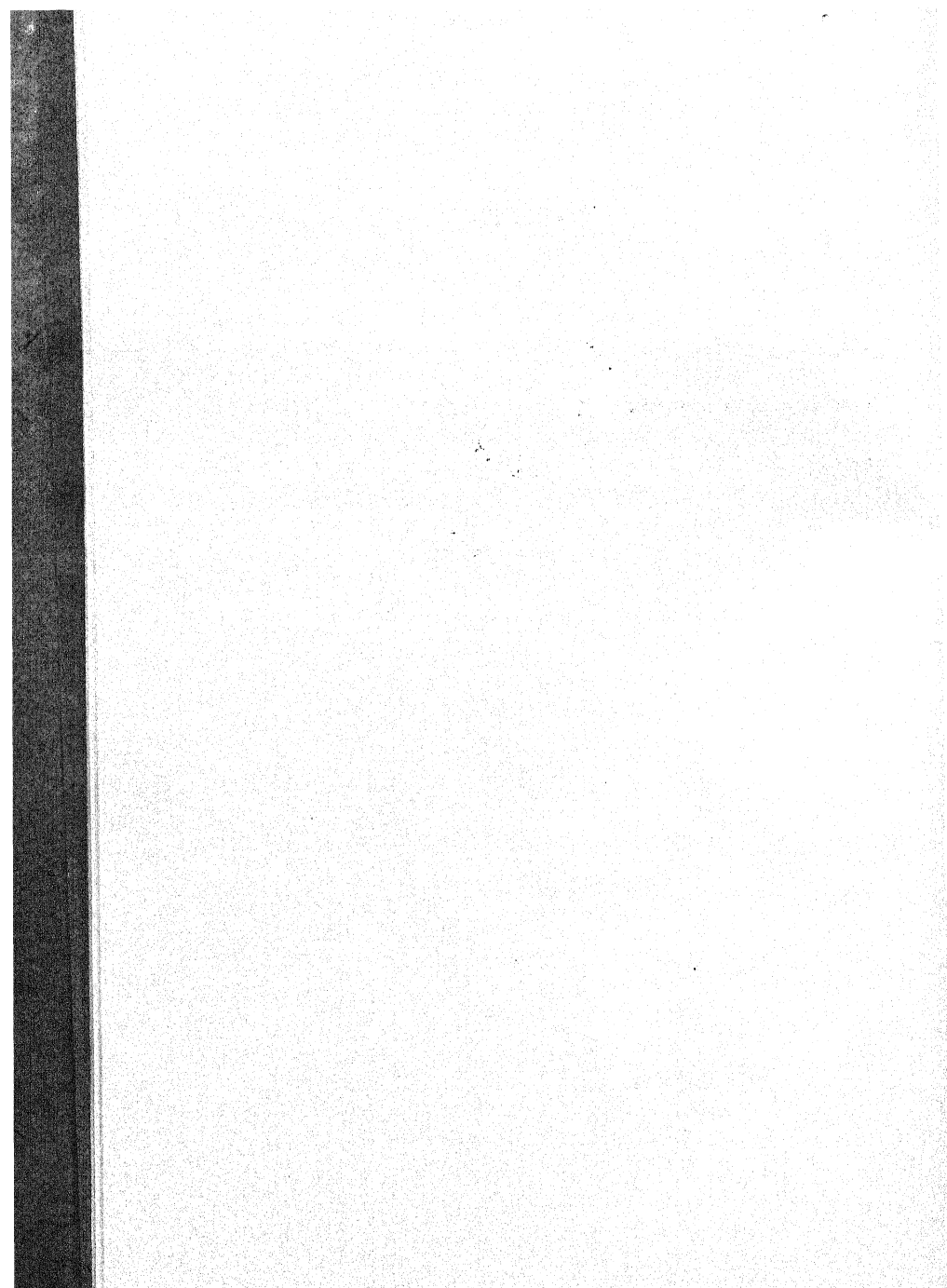
J.N. KHOSLA

*Director*

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## CONTENTS

			PAGE
FOREWORD	...	...	vii
PLANNING ORGANISATION	...	...	1
PLANNING PROCESS	...	...	33
UNFULFILLED HOPES	...	...	56



## PLANNING ORGANISATION

Since the establishment of the Planning Commission in 1950, the organisation and procedures for planning had gradually evolved through decisions made by the Government and the practices developed by the Commission as experience was gained. While there had been a few non-official reviews and criticisms of the working of the Commission, there had been no attempt at a full-scale examination of the organisation and procedures for planning. The Estimates Committee of Parliament prepared a Report on the Planning Commission in April 1959; but it had not gone thoroughly into the Commission's functional organisation and procedures.

It is known that Jawaharlal Nehru himself in his last years had not been quite happy with the way the Commission had developed<sup>1</sup>. His successor, Lal Bahadur Shastri, expressed himself more positively about his unhappiness with the Commission as he inherited it<sup>2</sup>. It was, however, decided that it would be better to think of reorganisation of the Commission only after the work of formulating the Fourth Plan was over. As the formulation of the Fourth Plan itself got delayed and various serious economic difficulties faced the country, the plans, planning and, therefore, the machinery for planning, all came under attack; and the question of reorganising the Commission began to be widely discussed. When the Administrative Reforms Commission (A.R.C.) was appointed at the end of 1965, it was decided that the reorganisation of the Commission and revision of planning procedures should be considered as a part of the overall scheme of governmental reorganisation to be proposed by the A.R.C.

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The author is indebted to Shri P. J. Vernekar for his valuable research support in the preparation of this paper.

<sup>1</sup> *The Statesman*, Delhi, October 8, 1963.

<sup>2</sup> *The Financial Express*, Bombay, September 2, 1964.

The A.R.C. took longer to commence its work than originally anticipated. In the meanwhile, the reorganisation of the Commission became urgently necessary. Two Members of the Commission resigned in 1966, for contesting the General Elections. It was further known that two other whole time Members were due to retire in September and October 1967, respectively. The Prime Minister then seems to have decided that this opportunity, when most whole time Members of the Commission could be replaced, should be used for a full-scale reconstitution of the Commission. The places of the resigning Members were, therefore, kept vacant and the A.R.C. was requested to give an Interim Report on the Commission. The A.R.C. had already appointed in May 1966, a Study Team to examine the machinery and processes of planning. The Study Team submitted its Interim Report on the Planning Commission to the A.R.C. at the end of March 1967, and the A.R.C. in turn, submitted its Report to the Prime Minister at the end of April 1967. The Prime Minister made an announcement on July 17, 1967, regarding Government decisions on the recommendations. The name of the proposed Deputy Chairman was announced soon after that and the newly constituted Commission assumed office in September 1967. Thus, as far as the reconstitution of the Commission at the Members' level was concerned, the Government took action on the recommendations of the A.R.C. within four months of its Report. The Study Team submitted the second part of its Report on the Machinery for Planning in December 1967, and the A.R.C. submitted the second part of its Report in March 1968.

### **Nature and Composition of the Planning Commission—Members**

Regarding the constitution of the Commission itself, the A.R.C. as well as its Study Team had supported the maintenance of the non-statutory character of the Commission. The Study Team had also maintained that the basic statement of the Commission's functions, as defined in the Government Resolution appointing it in 1950, did not require any change though some change in the emphasis on different functions might be necessary in practice. The A.R.C. itself, on the other hand, had suggested certain modifications in this statement, though the changes suggested were not fundamental in character. The

Government decided not to make any change in the statement of functions as laid down in 1950.

As regards the composition of the Commission, the Study Team as well as the A.R.C. had emphasised that the character of the Commission as an advisory body needed to be reiterated through an appropriate composition of its Members. It was thought that the increase in the number of Minister-Members<sup>3</sup> had led to many anomalies in the functioning of the Commission. The Study Team had pointed out that having so many Minister-Members, the Commission tended to get involved in normal decision-making and this detracted from its effectiveness in plan appraisal and evaluation. It was also thought that as Members of the Commission should be appointed essentially because of their expertise, while Ministers are appointed mainly on political grounds, Ministers of the Union Government should not normally be Members of the Commission. Both the Study Team and the A.R.C. had specially discussed the position of the Finance Minister and the Prime Minister who had been *ex officio* Member and Chairman respectively of the Planning Commission practically since its inception. The Study Team had recommended that while the Finance Minister need not be singled out for membership of the Commission, the Prime Minister may continue to be the Chairman of the Commission mainly to ensure that the Commission would carry enough weight in the country. On the other hand, the A.R.C. had recommended that neither of these Ministers should be associated with the Commission either as Members or Chairman. Somewhat curiously, it was, however, recommended that the Prime Minister and the Finance Minister not only should be kept informed of the matters coming up for discussion in the Commission, but they may attend it whenever they thought it necessary and further that the Prime Minister should preside over the Commission's meetings whenever he attended them.

This question of the Prime Minister and the Finance Minister being Members of the Commission was discussed at a Chief

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<sup>3</sup> When the Commission was constituted in March 1950, the Prime Minister constituted the only link with the Cabinet. C. D. Deshmukh continued as Member of the Commission even after he became the Finance Minister in June 1950, and subsequent Finance Ministers have invariably been Members of the Commission as well. In 1960, there were four Minister-Members; their number had risen to six in 1966.

Ministers' Conference held in July 1967, and the general opinion at the Conference was that the Prime Minister should continue to be the Chairman and the Finance Minister a Member of the Commission. At the same time the Government decided that other Central Ministers would not be formally associated with the Commission as its Members, but that it would be open to the Prime Minister to invite them from time to time to join in the deliberations of the Commission, as and when necessary.

As regards the whole-time membership of the Commission, the Study Team had suggested a whole time membership of not more than six, to ensure that the Commission could work together effectively as a team. The A.R.C. had put the number of the Members at seven and it had also suggested the inclusion of two part-time Members. The A.R.C. had made this latter suggestion as it thought that, "though it would be an ideal arrangement to have a Commission consisting entirely of full time Members, in practice it may sometimes happen that experts, while willing to work as Members, may be able to join the Commission only on a part-time basis."<sup>4</sup> In order to make it possible to utilise the services of such experts, the A.R.C. had suggested this arrangement. The Government decided that there need be no rigidity about the number of Members. It agreed that the Commission should be a compact, small, body of full-time Members and, therefore, thought it unnecessary to make any part-time appointment to the Commission. It is not quite clear what kind of Members the A.R.C. had in mind for part-time membership. If they were thinking of persons from private sector industry or business who would not otherwise be available for work as Members of the Commission, this was obviously an impractical suggestion. Appointment of persons from private sector industry on the Commission even on a whole time basis was likely to create suspicion in some sections of public opinion about the impartiality and objectivity of the Commission. To have such persons on a part-time basis, while they continued to be actively associated with private sector industry, would have been quite untenable. It was, therefore, obvious that Government could not agree to this suggestion. The number of whole-time Members including the Deputy

<sup>4</sup> A.R.C. I, pp. 13-14.

Chairman has been kept at five.

Regarding the quality to be looked for in whole-time Members, the Study Team had said, "the Members should be chosen for their expertise, wisdom and knowledge of handling men and affairs. What we need is not narrow specialisation, but wide knowledge and experience in major areas of development, such as agriculture and rural economy, industry and commerce, science and technology, economics and other social sciences, and public administration. The persons chosen should enjoy a reputation in the country as a whole for their wisdom, impartiality, integrity and objectivity. While political experience is no bar by itself, it cannot be a substitute for other criteria indicated above."<sup>5</sup> The A.R.C. had broadly endorsed this recommendation. It had also been recommended that the Members of the Commission may continue to enjoy the status of Ministers of State, though it had been pointed out both by the A.R.C. and the Study Team that, if necessary, higher emoluments may be offered. The new Members continue to have a status equivalent to the Ministers of State. No case of higher emoluments has been reported. The appointments have been made for five years.

The important role of the Deputy Chairman in the working of the Commission had been stressed by the Study Team. His key position as the main working link between the Central Cabinet and the State Chief Ministers on the one hand, and the Planning Commission on the other, had been stressed as also his role as an advisor on development and related policy issues to the top political leadership of the country. As the Chief Executive of the Commission, he would also be responsible for making recommendations regarding the appointment of Members of the Commission and other senior officials. To fill this responsible office, the Study Team had pointed out that the scope of the choice cannot be confined to any one category; what was most essential was that he should enjoy wide respect for his integrity, wisdom, judgment, maturity and sense of fair play.

It is difficult to attempt any assessment of the appointments that were actually made to the new Commission. *Prima facie*, the appointments that have been made satisfy the criteria that

<sup>5</sup> Study Team I, p. 27.



had been indicated by the A.R.C. and its Study Team. The appointment of Professor D. R. Gadgil as Deputy Chairman was specially suitable in the situation after the General Elections of 1967, when a number of opposition parties came to power in different States. This made it more important that the new Deputy Chairman should be one who was not closely associated with the party ruling at the Centre but would at the same time command the confidence of most political parties including that in power at the Centre. Professor Gadgil eminently fulfilled this requirement. As regards the other Members, while judgments about the particular individuals chosen and especially their knowledge of and commitment to the basic approach to planned development may vary, one cannot have any basic objections to the appointees on the basis of their qualifications and experience. Only one of the Members was selected from a party political background and even he was not known as a partisan in his long record as a Minister in a State. Of the other Members, one is a retired Civil Servant (I.C.S.) who had later been Deputy Governor of the Reserve Bank and the Chairman of the State Bank; the second one is a Scientist and the third one an expert in planning who had been working in the Commission for over fifteen years. One point that could objectively be made against the choice of the new team was that three of its Members including the Deputy Chairman did not satisfy the criterion indicated by Gadgil himself that, instead of thinking of people above 65 for membership of the Commission, it may be useful to think of persons below 55.<sup>6</sup>

The Study Team had also emphasised that Members of the Commission were public servants and as such have to observe the necessary restraints, implying that Members have to work as anonymously as possible. This was obviously considered necessary in view of the experience of the previous Commission when Members seemed to be speaking in public in different voices and to some extent treating the membership of the

<sup>6</sup> Gadgil, D. R. "Planning and Economic Policy in India" (1961), p. 111. The age composition of the new Members was as follows in 1967 :

D. R. Gadgil	66
B. Venkatappiah	60
R. Venkataraman	57
B. D. Nag Chowdhary	50
Pitambar Pant	48

Commission as a stepping stone for satisfying further political ambition. One remedy suggested for this was that Members should be selected in consultation with the Deputy Chairman and it should thus be realised by them that the Deputy Chairman was without doubt the leader of the team. In practice, the experience of the last two and a half years suggests that the new team certainly works with greater discipline.

A further recommendation both of the A.R.C. and the Study Team was that it was not necessary to have a separate Minister for Planning, and that questions relating to Planning may be answered by the Prime Minister, the Finance Minister or such other Ministers as the case may be. The Government agreed with this recommendation and no Minister of Planning has been appointed.

As regards allotment of work among Members, the Study Team had recommended that Members should continue to be allotted specific areas of work in the Commission according to their own specialised knowledge and experience. The A.R.C. had endorsed this recommendation but had further emphasised that important decisions should be taken not by individual Members but collectively by the Commission as a whole. The Commission agreed with this recommendation and subjects have been assigned to Members according to their specialised expertise and knowledge. It has also been stated that Members will exercise joint responsibility on behalf of the Commission. An important change as compared to the previous practice was that, though the Finance Minister was made a Member of the Commission, he was not put in charge of the Economic and Resources Divisions of the Commission.

### **Reconstitution of the National Development Council**

The Study Team had observed in its Interim Report that in the future set-up of Planning in the country, the National Development Council would have to play a much more effective role. It was of the view that in the emerging political situation in the country, the N.D.C. has to be developed as the most important instrument for ensuring all-India support for the National Plan. As the supreme political body giving guidance to the formulation of the Plan, the Council would have to operate more continuously and its working would have to be

more systematised than in the past. The A.R.C. supported this and recommended the reconstitution of the N.D.C. to include the Prime Minister, the Deputy Prime Minister, ten Ministers of the Central Cabinet in charge of major Ministries, the Chief Ministers of all the States and the Members of the Planning Commission<sup>7</sup>. The A.R.C. also suggested a redefinition of the functions of the N.D.C., the most important innovation being that the N.D.C. would be specifically required to prescribe guidelines for the formulation of the National Plan.

The Government accepted with some modifications the A.R.C.'s recommendations regarding the reconstitution of the N.D.C. and the redefinition of its functions. A Resolution to this effect was issued on October 7, 1967. The reconstituted N.D.C. consists of the Prime Minister, all Union Cabinet Ministers, Chief Ministers of all States and Union Territories and the Members of the Planning Commission. The Delhi Administration is represented by the Lt. Governor and the Chief Executive Councillor<sup>8</sup> and the remaining Union Territories by their respective Chief Ministers. It is also provided that other Union and States Ministers may be invited to participate in the deliberations of the Council. The Secretary of the Planning Commission acts as Secretary to the N.D.C. and the Commission is expected to provide such administrative and other support as may be necessary. The revised functions of the N.D.C. are:

- (1) to prescribe guidelines for the formulation of the National Plan, including the assessment of resources for the Plan;
- (2) to consider the National Plan as formulated by the Planning Commission;
- (3) to consider important questions of social and economic policy affecting national development; and

<sup>7</sup>One Member of the A.R.C., Shri H.V. Kamath, had in a note of dissent expressed anxiety that a plethora of Ministers may make the N.D.C. too unwieldy a body. He, therefore, suggested that, of the Central Ministers, only Ministers of Finance, Home Affairs, Agriculture, Industry and Irrigation & Power should be Members of the Council in addition to the Prime Minister and the Deputy Prime Minister. He had also suggested that, in view of the rapidly changing political landscape, the Chief Ministers of Union Territories and the Chief Executive Councillor of Delhi should invariably be invited to attend the meetings of the Council.

<sup>8</sup>It appears that the Chief Executive Councillor alone attends the meetings

- (4) to review the working of the Plan from time to time and to recommend such measures as are necessary for achieving the aims and targets set out in the National Plan, including measures to secure the active participation and cooperation of the people, improve the efficiency of the administrative services, ensure the fullest development of the less advanced regions and sections of the community and, through sacrifice borne equally by all citizens, build up resources for national development.

The N.D.C. as now constituted is a very large body. Even in the past when it consisted only of the Prime Minister, the Chief Ministers of States and Members of the Planning Commission, it was felt that the Council was too large for effective discussion of problems. A Standing Committee of the Council was, therefore, created in 1954, with Members of the Planning Commission and Chief Ministers of nine States. The Committee functioned usefully at the time of the formulation of the Second Five Year Plan but met only twice subsequently, the last time being in 1963. Over the years a practice developed whereby in addition to the regular Members of the N.D.C., a large number of Central as well as State Ministers came to be invited to attend the deliberations of the Council. This resulted in the N.D.C. becoming too unwieldy a body and the discussions tended to be somewhat rambling and general in character. This detracted from the usefulness of the Council as the highest forum for common consultation, cooperative endeavour and the evolution of national consensus. It was with this background in view that the Study Team had recommended the continuance of the earlier composition of the N.D.C. On the other hand, with a view to making the National Development Council operationally a more effective body, the Team had recommended that "Sub-Committees of the N.D.C. may be appointed from time to time, and especially at the time of formulating a Five Year Plan".<sup>9</sup> The Study Team further recommended the constitution of counterparts of these N.D.C. Committees at the official levels also "so that there is adequate consultation, communication, and therefore mutual understanding and cooperation between the States and the Union in all matters pertaining to

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<sup>9</sup> Study Team I, p. 11.

Planning".<sup>10</sup> Further enlargement of the Membership of the N.D.C. does not, therefore, appear to be justified in the light of experience. It would have been better to have restricted the Membership of the Council to the Prime Minister, Deputy Prime Minister, Chief Ministers of all the States and Union Territories and Members of the Planning Commission, and to invite others to attend the meetings as necessary from time to time.

As regards the recommendation that the device of N.D.C. sub-committees should be more effectively utilised, this does not seem to have been possible. When the question of constituting a sub-Committee of the N.D.C. for examining the question of the principles and patterns of Central assistance was considered by the N.D.C. in May 1968, it seems to have been found impracticable to exclude any Chief Minister from the sub-Committee. The only members of the N.D.C. excluded from the sub-Committee were the Central Cabinet Ministers. The device of official level Committees for regularly discussing and examining plan problems has also not developed though, as in the past, meetings have been held for discussion on particular problems between the Planning Commission and the State Government officials such as Planning Secretaries. Two working groups were also appointed under the auspices of the N.D.C. in 1968 to examine and make recommendations on certain problems of inter-State disparities.<sup>11</sup>

### **Planning Boards in States**

Both the A.R.C. and its Study Team had recommended creation of expert, advisory planning bodies in the States, more or less on the same pattern as the Planning Commission, for the purpose of Plan formulation and evaluation. The Study Team examined in detail the existing set-up for planning in the States and came to the conclusion that, while most of the States had some kind of Planning Boards at best these served as public relations committees. It also examined the question whether a Planning Board or a Planning Department would provide

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<sup>10</sup> Study Team I, p. 11.

<sup>11</sup> See Planning Commission : (i) Report of the Working Group on the Identification of Backward Areas (1969), and (ii) Report of the Working Group on Fiscal and Financial Incentives for starting new Industries in Backward Areas (1969).

a more effective instrument for State Planning and suggested that the former would be more effective. It was of the view that Planning Boards are necessary for the purpose of ensuring the availability of an independent, flexible and continuing planning agency whose expert advice would carry greater weight than that of a departmental agency. It would also help relieve undue pressures upon the Chief Ministers from different regional interests. The Planning Boards were conceived by the Study Team as independent, expert advisory bodies without any Minister-Members except for the Chief Minister who would be the Chairman. The A.R.C., in its Report, recommended that even the Chief Ministers should not be formally associated with the Boards.

The A.R.C.'s recommendation relating to Planning Boards was discussed at the meeting of the State Chief Ministers called by the Prime Minister in July 1967. Their reaction to the proposal was mixed. While some of them favoured the idea, others did not. A note on 'State Planning Organisations', prepared by the Planning Commission, constituted one of the items of the agenda for the N.D.C.'s meeting held in December 1967. While the note was primarily intended only for information, the Commission lent its support to the creation of the kind of planning organisation in States as had been suggested by the A.R.C. and its Study Team. It was pointed out that while there would have to be considerable flexibility in this matter having regard to the administrative background, institutions and special needs of individual States, the very range and complexity of the task now envisaged in the States called for the setting up of expert advisory planning agencies whose assistance would be available to the State Cabinet for policy and plan formulation and evaluation. The N.D.C., however, did not discuss this subject.

Addressing the meeting of the State Planning Secretaries held in February 1968, the Deputy Chairman of the Commission emphasised that to meet the challenge of plan formulation along new lines, planning organisation would have to be fairly elaborate. Planning activities would have to be initiated in all areas and departments and the Central coordinating unit would have to be greatly strengthened.

The Government of Kerala constituted a Planning Board in

1967, conforming somewhat to the suggestion made by the Study Team. The Board was a nine-member body, the Chief Minister being its Chairman and the Finance Minister a Member. Out of the remaining seven members, four were officials and three non-official experts. The official members were the Chief Secretary, the Secretary of the Planning Department, the Economic Advisor and the Director of the Bureau of Economics and Statistics. The Board had four Divisions—the Economic Division headed by the Economic Advisor, the Agriculture Division and the Industry and Infra-structure Division, each headed by a whole time Member, and the Education and Social Services Division headed by a part-time Member. Recently, with the coming in power of a new Ministry, the non-officials have ceased to be members of the Board and it is now a body comprising only officials.

A Seven-member Planning Board, with the Minister of Finance and Planning as Chairman, has been set up by the Mysore Government. The other members include two officials, two M.L.A.s and two non-officials. The Board is expected to function not only as a high-level body for Plan formulation but also to give direction to the planning process in the State. The Mysore Planning Board does not, however, conform to the prescription suggested by the A.R.C.

It would appear that the idea of State Planning Boards is not as yet acceptable to most State Governments. The Indian Institute of Public Administration held a Workshop on State Planning in May 1968, with a view to exploring the ways in which the recommendations made by the A.R.C. on this subject could be implemented. The Workshop was attended by the Planning Secretaries of almost all States, Members and senior officials of the Planning Commission, officials of some Central Ministries and a few academic experts. Most of the State representatives, while agreeing that the Planning Machinery in the States needed considerable improvement, were not in favour of Planning Boards as such mainly on the ground of paucity of expert personnel and financial resources and also because, in the view of some of them, planning in the States was going to remain for quite some time in the nature of programme planning. This latter assumption is not tenable. The new Commission especially envisages considerable planning tasks for the States including

the drawing up of a perspective. The number of Centrally sponsored schemes have been substantially reduced and Central direction in certain major spheres of State activity eliminated. But such an approach can make for better and more effective planning only if the States' own planning organisations are better staffed and equipped for these additional responsibilities.

It is understandable that general recommendations made by the Study Team and the A.R.C. may not be *ipso facto* applicable to all the States in the same way. Each State may be required to work out the planning organisation required by it in view of its own special circumstances; a common formula will not do. The Planning Commission and other agencies should assist State Governments where necessary in this task. But the first step obviously is to make the State Governments aware of the importance of improving their planning organisation and expertise.

The Planning Commission also organised in 1969, a special Unit under the Management and Administration Division (COPP) for the purpose of assisting States in developing their competence in investment planning. Financial support for the programme is being provided by the Ford Foundation and the programme is expected to develop competence in States for advanced methods of Project Planning. The programme in the initial stages has been confined to a few selected States but is expected to be later extended to others.

### Planning Cells in Ministries

One of the important recommendations of the A.R.C. and its Study Team related to the organisation of suitable planning machinery in the Ministries of the Central Government and Departments of State Governments. The Study Team visualised the main role of a central planning agency as one of working out the long term macro-economic picture and providing broad guidelines to various sectoral agencies for undertaking their detailed planning tasks. It was of the view that the Commission should only be responsible for formulating objectives, laying down priorities, indicating broad sectoral outlays, fixing the basic targets and approving the main programmes. Detailed sectoral planning, including elaboration of the targets and formulation of individual projects, their detailed examination and scrutiny



should be the responsibility of the respective Central Ministries, State Governments and other executive agencies. It was against this background of the relative role of the different agencies in the planning process that the Study Team recommended the creation of well-equipped and organised Planning Cells in the Ministries of the Union Government and the Departments of State Governments. The Study Team also suggested in outline the kind of Cells the different Ministries should have and what their functions should be. The A.R.C. in its final Report on Planning Machinery broadly endorsed the Study Team's suggestion with some modifications in the functions of the proposed Cells.

It is a matter of common knowledge that Planning Cells such as exist in most Ministries are mere misnomers. They are neither adequately organised nor properly manned and there is little clarity regarding their exact functions. It is no doubt true that the detailed set-up of Planning Units in different Ministries and their exact functions can be evolved only after a more detailed study of the requirements of individual Ministries. However, practically nothing appears to have been done in this direction since the submission of the A.R.C. Report. Advantage was not taken of the gap of one year provided by the decision to commence the Fourth Plan only from 1969, to get sectoral planning better organised through the creation of effective Planning Cells and similar other agencies.

### **Internal Organisation of the Planning Commission**

The Study Team had been of the view that no change was called for in the basic statement of the functions of the Commission as given in the original Resolution setting it up. It, however, felt that as a result of special historical circumstances, some of these functions had been appropriately carried out, others comparatively neglected and a few others either added or over-emphasised. A time had come to streamline the organisation of the Commission, eliminate some activities that no longer needed to be undertaken by the Commission and intensify some others. The Study Team was of the view that there was no justification for the Commission getting involved in work of an executive character like that done by the Public Cooperation Division and also that undertaken under the auspices of the Rural Industries Planning Committee. Support to general

purpose socio-economic research, as was being provided by the Commission through its Research Programmes Committee, also did not constitute a legitimate function of the Commission. Other cases of work not germane to the basic character of the Commission's functions, cited by the Study Team, included the work relating to the Joint Technical Group on Transport Planning, the Management and Administration Division of the Committee on Plan Projects and construction economies.

The Study Team had also recommended a reorganisation of the Commission's Secretariat with a view to focussing its activities around its two principal functions of (a) Plan formulation and revision; and (b) Plan appraisal and evaluation. The main principle underlying the proposal was that functions that are closely inter-related should be brought under one Group. The various groups were proposed to be organised in three main Wings—one dealing with Plan Formulation, the second with Plan Appraisal and Evaluation and the third with Servicing and House Keeping activities. It was expected that as a result of such regrouping, functions which are less important from the point of view of formulating the National Plan would automatically receive less attention and thus help reduce waste of energy and expenditure involved in such work. The Study Team particularly emphasised that activities which are mainly either of administrative or long-term research types should be reduced; primary research work should be got organised through other official as well as non-official agencies; and operating and field agencies should be used for the purpose of collection of data. In its final Report, the Study Team developed this theme further and also indicated in some detail the kind of work each of the Groups should undertake.

The A.R.C. in its final Report endorsed the recommendations made by the Study Team relating to the internal set-up of the Commission. It further recommended that the Commission should take immediate steps to reduce personnel and expenditure, in keeping with the reduced scope of its functions.

Following the recommendations of the A.R.C. and its Study Team, the new Commission took steps to divest itself of work of an extraneous character. The executive functions relating to the schemes of Public Cooperation and Rural Industries were transferred to the concerned Ministries. The

PLANNING COMMISSION

Joint Technical Group on Transport Planning was wound up. The Management and Administration Division was reorganised and redesignated as Management and Project Evaluation Division. Its work relating to performance budgeting was transferred to the Ministry of Finance and that relating to area development to the Agriculture Division of the Planning Commission. The reconstituted Division has been given the additional responsibility of organising and coordinating studies relating to evaluation of projects and determination of national economic profitability. The work relating to construction economies was also wound up. With the constitution of the Indian Council of Social Science Research, that part of the Research Programmes Committee's work which has no direct bearing on planning has been transferred to the Council.

Efforts are also being made to eliminate the kind of routine references from administrative agencies which consumed a good deal of the Commission's time and energy in the past. At the same time, the Commission has been emphasising that the Ministries should consult it before major policy issues concerning developmental activities are decided by them or are referred to the Cabinet for decision; otherwise the Commission would be isolated from current realities. Moreover, it is necessary for the Commission to ensure that major decisions being currently taken in the developmental field are in keeping with the overall approach, policy and priorities which form the basis of a five year plan. It cannot carry out this function if it is not in the know of what is happening.<sup>12</sup>

The Divisions of the Commission have also been reorganised broadly according to the scheme suggested by the Study Team and endorsed by the A.R.C. The work in the Commission was reorganised in September 1967, that is immediately after the new Commission assumed office, into the following eight Groups :

1. Economic;

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<sup>12</sup> It is not known whether the Commission is adequately consulted in crucial economic matters. The former Commission as such was not consulted when the Government decided in 1966 to devalue the rupee though the Deputy Chairman was not only consulted but was also reported to be one of the main supporters of the decision. This was one of the complaints of the other Members against the Deputy Chairman. From all accounts, there was no previous consultation with the Planning Commission regarding the decision to nationalise 14 Banks in July, 1969.

2. Plan Coordination;
3. Plan Evaluation;
4. Internal Administration and Servicing;
5. Industry, Labour, Transport and Power;
6. Agriculture, Rural Development, Irrigation and Administration;
7. Perspective Planning; and
8. Education, Scientific Research and Social Services.

The first four groups were made the responsibility of the Deputy Chairman, and each of the remaining groups was placed under the charge of a Member with due regard to his background and experience. It was inevitable that grouping of subjects could not be entirely homogeneous. Some departure from the principle of homogeneity had to be made to accommodate certain subjects having regard to the background and expertise of individual Members.

Immediately after it took over, the new Commission appointed an Internal Reorganisation Committee headed by Shri B. Venkatappiah, I.C.S. (retd.) and a Member of the Commission, to review the work and staff of the Commission. In its Interim Report submitted in February 1968, the Committee suggested a number of reductions in various staff categories. The strength of the Advisers/Joint Secretaries was proposed to be reduced from 15 to 9; that of the Senior Specialists/Chiefs from 18 to 15; and that of Directors from 20 to 16. It recommended the abolition of the posts of Adviser (Construction), Adviser (Health), Adviser (Labour, Employment and Social Planning), and Joint Secretary (Land Reforms); it also suggested that the posts of Adviser (Education) and Adviser (Irrigation and Power) be held in abeyance. The two posts of Chiefs proposed to be abolished were those for Construction and Minerals. The post of Chief (Transport) was proposed to be held in abeyance. Other reductions were suggested at the middle and lower levels—ten each of Senior Research Officers/Research Officers, Investigators and Clerks. The Commission accepted the recommendations of the Committee regarding the reduction of staff except in the case of three posts of Chiefs. It should be noted, however, that almost all of the abolished posts were already vacant.

The Table on page 20 indicates the steady rise in the

Commission's staff since its inception to the middle of 1966, and compares the situation as existing in November 1968, that is about one year after the new Commission took over, with the position as it existed in June 1966, *i.e.*, just before the publication of the Draft Outline of the erstwhile Fourth Plan. It will be seen that for the first time since the inception of the Commission, the trend towards rising staff strength was reversed. The total reduction in the staff amounted to over 14 per cent. However, while reduction in the higher administrative staff and the research staff accounted for 21 per cent of the reduction, that in the Junior administrative, clerical and class IV staff amounted to only 11 per cent. The reduction at the senior and middle level research and technical staff was as high as 21 per cent, and that in other technical staff 23 per cent. But the reduction in the number of junior administrative and other clerical staff was much less. This was probably unavoidable as absorption of these categories of staff elsewhere unavoidably takes more time. But, within almost a year of its assuming office, the Commission took a few effective steps to cut down the size of its staff. The staff position has since then remained largely stabilised at the level reached in November 1968.

### **Personnel of the Planning Commission**

Jawaharlal Nehru's conception of the Planning Commission was that of a body of enthusiastic young men drawn mainly from outside the normal administrative services and working in a manner quite unlike that of a typical secretariat department. He also wanted the Commission to go slow about the engagement of the staff and engage only such as were absolutely needed. His emphasis on using designations different from those in vogue in the Secretariat and on flexibility in the matter of recruitment and remuneration policy were designed to make the Commission the kind of body he visualised it to be.<sup>13</sup> This approach resulted in the induction of a few experts from outside the Government in the Commission at its inception. However, as pointed out by the Study Team, as the Commission increased in scope and strength, this selective approach came to be diluted. The bureaucratic pattern of

<sup>13</sup> See, Paranjape, H. K. "Planning Commission — A Descriptive Account", pp. 136-7.

staffing and procedures of work came to be established. As a large number of persons from regular Government services began to join the Commission, Secretariat designations came increasingly into vogue. The initial flexibility in recruitment that the Commission enjoyed also gave way and recruitment to superior positions had to be made through the Union Public Service Commission. The turnover of staff in some of the directing positions increased to an extent where some of the personnel like Programme Advisers became birds of passage. On the other hand, some of the staff recruited for the technical divisions remained in the Commission unchanged because there were no openings for them elsewhere and they had been made permanent. All this resulted in the loss of the spirit which underlay the Commission's original approach to personnel and it increasingly imbibed the character of a normal secretariat agency.

The Study Team and the A.R.C. made a number of recommendations aimed at regaining the spirit underlying the organisation of the Commission in its earlier years and improving the talent available to the Commission. The Study Team was of the view that the Commission should have a small core of highly qualified senior technical staff supported by competent assistants. Other high level appointments should be made on a contractual or tenure basis. There should be a greater inflow from Universities, research institutions, professions and the private sector. For this purpose, the Commission should enjoy considerable flexibility in matters of recruitment, pay and other material facilities and should have the freedom to alter the structure of its technical staff within the budget ceiling. Much greater use should be made of outside experts on part-time or tenure basis. The hierarchical atmosphere in the Commission should be changed to that of a professional, scientific and expert organisation. As regards the Secretary of the Commission, the Study Team felt that he should be a person with a special aptitude and an adequate understanding of the Commission's functions. This position need not be tied to any particular Service. This suggestion was also endorsed by the A.R.C. in its Interim Report.

The framework for the personnel system was further spelt out in the Final Report of the Study Team. It was pointed out that the type and size of personnel required in the

TABLE  
PLANNING COMMISSION—SANCTIONED STAFF

Category	1951-52	1955-56	1960-61	1963-64	As on 31-5-56	As on 15-11-68	Percentage increase or decrease of column 7 over column 6
1	2	3	4	5	6	7	8
A. (i) Members	4( 1.6)	4( 0.7)	5( 0.5)	7( 0.6)	7( 0.6)	5( 0.5)	(—) 28.6
(ii) Higher Level Administrative Staff	1( 0.4)	8( 1.3)	11( 1.0)	14( 1.2)	18( 1.4)	15( 1.4)	(—) 16.7
(iii) Higher and Middle Level Research & Technical Staff	41(16.8)	109(18.7)	161(15.2)	196(17.3)	294(23.4)	233(21.7)	(—) 20.8
(iv) Lower Level Research & Technical Staff	26(10.7)	65(11.1)	141(13.4)	141(12.5)	118( 9.4)	91( 8.5)	(—) 22.9
Total of A (i) to (iv)	72(29.5)	186(31.8)	318(30.1)	358(31.6)	437(34.8)	344(32.1)	(—) 21.3

B. (v) Middle & Lower Level Administrative & Clerical Staff	78(32.0)	249(42.7)	470(44.6)	492(43.5)	503(40.1)	434(40.5)	(—)	13.8
(vi) Miscellaneous Staff	7( 2.9)	11( 1.9)	26( 2.5)	26( 2.3)	32( 2.6)	34( 3.2)	(+)	6.2
(vii) Class IV Staff	87(35.6)	138(23.6)	241(22.8)	255(22.6)	282(22.5)	259(24.2)	(—)	8.2
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Total of B (v) to (vii)	172(70.5)	398(68.2)	737(69.9)	773(68.4)	817(65.2)	727(67.9)	(—)	11.1
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Grand Total	244(100)	584(100)	105(5100)	1131(100)	1254(100)	1071(100)	(—)	14.6

Note : 1. Figures in bracket indicate percentage distribution of staff in different categories.

- Note : 2. (i) includes Secretary, Additional Secretary, Joint Secretaries, Deputy Secretaries and Programme Advisers.  
 (ii) includes Advisers, Senior Specialists, Consultants, Chiefs, Assistant Chiefs, Directors, Joint Directors, Transport Specialists, Senior Research Officers and Research Officers.  
 (iii) includes Investigators, Technical Assistants, etc.  
 (iv) includes Under-Secretaries, Section Officers, Stenographers, Assistants, Clerks, etc.



Commission would be determined by the Commission's responsibilities as identified by the Team. The research work developed within the Commission would be mainly directed at coordinating, utilising and synthesising the work of sectoral agencies and various research institutions in the context of the economy as a whole. An important ingredient of the personnel skills required in the Commission was, therefore, the capacity for analysis and for positive and creative thinking. "It should be broadly interpreted as an effective ability to collect facts and information, mostly from the detailed studies made by others, capacity to determine whether the information so collected is adequate, reliable and valid; ability to use one's powers of evaluation and reasoning to draw meaningful conclusions from the data; and finally the capacity to arrive at concrete solutions to problems in the form of recommended policy proposals or courses of action."<sup>14</sup> An important dimension of personnel skills at the senior level was said to be not so much expertise in the narrow technical sense, but breadth in knowledge and experience and ability to perceive the essential inter-links between various sectors of the economy. Expertise in specific areas would be provided at the level of subject specialists. The Commission need have, therefore, only three functional levels below Members. The top level officers would be Advisers in overall charge of a Group or an important unit within a Group. The next level would consist of specialists looking after major identifiable units or subjects in a Group. The third level would consist of Analysts to assist the higher level officers. As the Commission would not be concerned with much of primary research and collection of data, there was no need to have a larger number of Investigators. The Study Team also pointed out that since work assignments of persons working at each of the three functional levels could not be uniform, a fixed grade value should not be attached to each level. The kind of specialists required in the Commission were at a premium and for securing the best of them, the Commission would have to look to other fields besides Government services. For this purpose the Commission should develop and maintain up-to-date panels of specially qualified persons. Remuneration policy should be flexible enough to attract the

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<sup>14</sup> Study Team II, p. 56.

best talent, somewhat on the lines of what obtains in the Atomic Energy Commission.

The Study Team attached great importance to staff development and training. In its view, training in planning would be broadly of two types. One will be training in econometric, statistical and other kinds of planning tools. This may be imparted through specialised institutions like the Institute of Economic Growth and the Indian Statistical Institute. The other type of training would have to be imparted to subject specialists who are to operate as planners in their own specialised areas. The team recommended the immediate creation of facilities for such training.

The Study Team also recommended that the Commission revise its procedures of work with a view to inducing its personnel to adopt a more professional approach to work. Among other things, promotions based on merit would foster professional orientation.

The A.R.C. did not go into personnel policy in as much detail as the Study Team, but its approach was basically similar. It observed that the senior level officers in the Commission should "possess not only knowledge and practical experience in their respective area of specialisation but also the capacity to perceive the inter-relationships among different sectors of the economy in the context of larger plan objectives. They have to be persons with imagination, creativity and vision. This highly intellectual type of work calls for abilities different from those needed to run the day-to-day administration".<sup>15</sup> Endorsing the Study Team's recommendations regarding talent hunting, the need for contract appointments and flexibility in recruitment and remuneration policy, the A.R.C. further suggested that, with a view to eliminating delays and other drawbacks inherent in the system of recruitment through the U.P.S.C., selections of persons for inclusion in the standing panels of officers to be appointed in the Commission should be made by a special Committee consisting of the Chairman of the Union Public Service Commission, the Chairman of the University Grants Commission and the Deputy Chairman of the Planning Commission, with the proviso that the President of the Federation of Indian Chambers of

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<sup>15</sup> A.R.C. II, p. 41.

Commerce and Industry should also be associated with the selection of persons from the industrial and commercial fields.<sup>16</sup> While broadly agreeing with the Study Team's recommendations regarding training, the A.R.C. recommended that for orientation and refresher courses, facilities available with professional bodies like the Indian Institute of Public Administration may be made use of.

### Changes in Personnel

For the first time since the initial constitution of the Commission, the Commission's composition was completely changed; all the Members were new and, with one exception, they had no direct involvement in the earlier working of the Commission. At the top official level also, the break from the past is now well-nigh complete. None, except two of the officers at the level of Secretary and Adviser/Joint Secretary, in position in the middle of 1966, now remain in the Commission. The Secretary of the Commission retired at about the same time as the Commission was reconstituted. The new incumbent of the office, the Civil Service head of the Commission's organisation, like his predecessor belonged to the Indian Civil Service. In the normal tradition of the Civil Service he had had varied experience of administration including work in positions like Development Commissioner and Chief Secretary of a State, Chairman of the Life Insurance Corporation and Gold Controller. He left the Commission in March 1970, to take over as the Secretary of a Central Ministry. The new Secretary of the Commission is also an ICS officer who had worked as Additional Secretary in the Commission some years ago, and had since then worked as Secretary in Ministries such as Information and Broadcasting and Civil Aviation. The former tradition of having a generalist administrator as the Civil Service Chief of the Planning Commission has thus been maintained under the new Commission.

A large number of officials at the level of Advisers—those in charge of education, labour, employment and social planning, natural resources, economic and financial problems,

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<sup>16</sup> It is difficult to see the logic behind this proviso, though the suggestion of a special Committee was certainly well-conceived. Apart from the fact that not all the Presidents of the Federation would be qualified to fill this role, it can also be objected to from other points of view.

industry and state plans—had already left the Commission for one reason or another before the new Commission was constituted. Some other senior officials such as an economist who was Additional Secretary, Joint Secretary in charge of Plan Co-ordination, the Advisor on Construction Economies and the Advisor on Irrigation and Power, left the Commission after the new Commission came into office. Such a large number of senior Advisors and others leaving the Commission meant a significant break from the Commission's past. Two of these officials had been with the Commission almost from its inception, one of them looking after State Plans, and three others, one looking after Irrigation and Power, one heading the Economic Division and the Additional Secretary, had been working in the Commission for between six to ten years.

The new Commission thus had an opportunity to select personnel of its own choice for some of the most crucial technical positions in the Commission. While it is obviously not possible for us to examine how far the appointments made to such positions reflect a deliberate policy on the part of the Commission, a few points about the appointments may be noted. Firstly, as against 15 posts of Advisers/Joint Secretaries that the Commission had in mid-1966, the Commission now has only nine such posts and only six officers are actually in position. A number of positions such as those of Advisors for Education, Labour, Employment and Social Planning and Irrigation and Power have been kept vacant as the Commission has decided to do without these Advisors. Whatever be the reasons for such drastic reduction in the staff strength at this level and keeping many important senior positions vacant, one wonders whether it did not render the Commission weaker at the senior technical level during the crucial period preceding the finalisation of a new Five Year Plan. Secondly, for none of the posts at this level has a person from outside the Government services been recruited. It will be recalled that the Study Team had specially stressed the importance of this. The Commission has apparently found it adequate to confine the source of recruitment to Government service. Moreover, the Commission has appointed officers belonging to the general Administrative Service to coordinating or other senior positions relating to technical divisions. As compared to mid-1966, when out of the 11 officers working at the level

of Joint Secretary/Group Coordinating Officer, two belonged to the general Administrative Service and the others were specialists in their particular fields, now (in mid-1970), out of six officers at this level, four belong to the Administrative Service. It should be added that two out of these four had joined the Commission before it was reconstituted in September, 1967.

Out of the three Programme Advisors who were in position in mid 1966—all belonging to the ICS—two had left before the new Commission was appointed; the third left recently. Two officers from the ICS who joined the Commission as Programme Advisors in 1967 left for other assignments after working for about two years. Two others from the ICS/IAS were appointed in their places. Of the four Programme Advisors in position now, only one has been continuously working in that position for a little over a year. The A.R.C. and its Study Team had emphasised the importance of this position and specially criticised the rapid turnover of officers. Apparently the new Commission has not been able to bring about any improvement in this.

At the level of Senior Specialists/Chiefs also there have been a number of changes. Ten new officers at this level have joined the reconstituted Commission and they are in charge of subjects such as agriculture, irrigation, power, forests, mineral resources and economic growth. In these cases also it is noticed that persons for appointments at these positions have been recruited only from governmental agencies.

### **Approach to Research Organisation and Personnel**

It has already been mentioned earlier that the Commission appointed an Internal Reorganisation Committee and that the recommendations made by this Committee in an interim report have largely been accepted by the Commission. We may, therefore, briefly mention the principal recommendations of the Committee and compare them with those of the A.R.C. and its Study Team with a view to finding out how the Commission's approach compares with that of the A.R.C.

The Committee agrees with the Study Team that there should be only three functional levels in the Commission, viz., Advisors, Specialists and Analysts. The Advisors (Joint Secretaries) would be in charge of a group of allied Divisions, Specialists would be in charge of one Division, while Analysts would be doing

various kinds of research work in the Divisions. In this scheme of things, the role of Advisors is a key one. They would be Group Coordinating Officers and may have the status either of Joint Secretary or Advisor. "These persons may not necessarily be experts in every field but would be expected to know enough of administration and organisational matters. The dovetailing of successive plans, the preparation of annual plans during a five year plan, the evolution of a perspective plan that will take in its stride more than one five year plan, the matching of planning with execution, of allotment with expenditure, of targets with results have all increased the complexity of the planning process. It is the task of the Group Coordinating Officer to see that suggestions and advice tendered by the technical experts should match with the practical and administrative feasibility of developmental policies and programmes. They have to examine the overall implications of the proposals formulated by specialists and submit them to Members."<sup>17</sup> In addition to helping Members to coordinate and guide the work of Divisions under their charge and keeping their work in line with the work of other Divisions, the Group Coordinating Officers should also bring to bear a coordinated approach to the problems of development. They are expected to function as a general staff, meeting frequently and carrying out directions and policies approved by the Planning Commission and the Cabinet, thus also providing an element of continuity in the process of planning.

For this key position in the Commission's organisation, the Committee has suggested that the persons appointed may be fitted in the pay range of Rs. 2,250 to Rs. 3,500 p.m. depending upon their seniority, past experience and pay last drawn. It has been suggested that the officer at this level may be either an Advisor or a Joint Secretary according to the rank and status of the selected officer. It is further stated, "it should not be necessary to engage subject specialists at the level of Advisors or designate them as such. Merely because a higher rate of pay has to be allowed to a specialist, he should not be designated as Adviser".<sup>18</sup> Without specifically saying so, the Committee

<sup>17</sup> Planning Commission, "Interim Report of the Internal Re-organisation Committee" (1968), mimeographed, pp. 30-31.

<sup>18</sup> *Ibid.*, pp. 32-33.

has thus suggested that the Group Coordinating Officers should preferably be 'generalists', *i.e.*, they should belong to the Administrative Service, rather than specialists either in a particular developmental aspect or in Planning.

The subject specialists—"the second level of workers"—are expected to be fairly senior persons having wide experience in their field of specialisation. The Committee suggests that to secure the services of specialists of appropriate level, competence and experience, the scales of pay in the Commission "should certainly not be lower (they may sometimes have to be higher) than the pay scales of the corresponding posts" in other governmental agencies. While the Committee expects the specialists to be "outstanding persons in their fields", they are expected normally to work on a pay ranging between Rs. 1,300 to Rs. 2,000. In exceptional cases, where relatively senior persons have to be brought in from outside, the limit "might be raised to Rs. 2,250".<sup>19</sup>

While the definition of the duties of these two principal categories by the Committee suggests highly specialised and professional responsibilities, it is not certain that its other suggestions would help secure the kind of personnel that the Commission needs. The emphasis on administrative and coordinative experience at the Group Coordinating level is likely to result in the continuance of the Secretariat practice of appointing general administrators with no special experience or knowledge to 'Coordinate' the work of experts. It is difficult to understand how such duties as the Internal Reorganisation Committee lays down for Group Coordinating Officers—dovetailing of successive plans, preparation of perspective plans and matching of planning with execution—can be effectively carried out by persons who are neither specially trained for such work nor learnt the complexities in it through prolonged experience. But the Committee lays down no condition regarding aptitude, training or experience. Apparently, the Committee has adopted the traditional administrative approach in India that a 'generalist' administrative officer can coordinate activities that he knows little about! The lack of expertise may even sometimes be taken to be a qualification as if the Coordinator can then like a judge sit in judgment over

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<sup>19</sup> Planning Commission, *op. cit.*, pp. 32-35.

contending parties. This fear is supported by the fact that the proportion of general administrators at this level in the Planning Commission is actually higher than it was in 1966. One hopes that this is not what the Reorganisation Committee intends to perpetuate.

Secondly, after speaking about the need for obtaining outstanding persons as specialists for looking after different technical Divisions in the Commission, the Committee surprisingly thinks of a range of pay—Rs. 1,300 to Rs. 2,000—which would be far from adequate to obtain top level experts. While indicating that a specialist might even get a pay similar to that of an Advisor, in effect the Committee suggests that the Expert should always be at a much lower salary level than the Co-ordinator. This traditional approach has been harmful to an appropriate relationship being developed between administrators and specialists in the Government of India up to now. The Committee seems to endorse the continuance of this traditional approach even for an agency like the Planning Commission! The only saving grace in the Committee's suggestion is that the necessity to have flexibility to meet a situation where an expert can be obtained only on a pay outside the grade structure has been mentioned. But the normal grade suggested for specialists as compared to the scales in the Civil Service in general and in the Commission in particular is far from satisfactory for the purpose of making the positions of specialists attractive.

The Committee has recommended that recruitment rules for senior posts should provide a fair measure of flexibility and a wide base for selection. The sources of recruitment are to include not only Central Departments, State Governments and organised services but also Public Sector Undertakings, the Reserve Bank and the State Bank, Research Institutions and Universities and even Private Sector Industry. It is also suggested by the Committee that in view of the possible variation from time to time in the content and flexibility of the problems to be handled in the Commission, the majority of posts of senior level officials should be filled by deputation or contract, thus making it possible for the Commission to infuse new blood when necessary. For the purpose of ensuring that the proper kind of officer can be attracted, the Committee has recommended that the Commission should have powers to create higher posts



and generally to adopt flexible procedures on the lines available in the Atomic Energy Establishment. This had been specifically recommended by the Study Team. To ensure that too much time is not lost in the procedure for recruitment, it is also proposed to have a cell in the Planning Commission for collecting information about the availability of experts in different fields. It is suggested that there should be a Recruitment Committee with a Member of the U.P.S.C. in it for quick decisions on appointments at senior levels.

While the Committee has thus given thought to the flexibility required in recruitment to positions in the Commission, it has hardly suggested any changes in the promotion policy to ensure that the talent already available in the Commission can be recognised and rewarded so that it is not lost or made to face frustration. The present system, with emphasis on minimum service at each stage before promotion, and on seniority, is almost designed to drive away talent and retain the duds. Inattention to this vital problem is surprising in view of the importance of retaining and encouraging talent for maintaining the vitality of the Commission.

The Committee has also recognised the importance to the Commission of using short-term consultants. The Commission already has provision for the appointment of consultants for short-terms on whole-time as well as part-time basis. The Committee has supported the idea of strengthening such arrangements. Finally, the Committee has also agreed with the Study Team that the Commission should not duplicate the work being done elsewhere and that, as far as possible, research studies should be farmed out to outside experts and research institutions. The Commission made a provision of Rs. 2 lakhs for such studies in its budget for 1968-69 and some studies in the field of agricultural planning have been entrusted to non-official experts. These provisions have been continued in the subsequent years. Some short-term consultants were also appointed for assisting the Commission on particular problems relating to health, transport and economics.

Regarding Programme Advisors, the Committee has suggested regrouping of the States among them on the basis of contiguity and homogeneity as recommended by the Study Team. The Committee has also suggested that the Programme Advisors

together with the Joint Secretary on State Plans may function as a group to advice the Commission on various issues connected with the States. The Commission has also decided that the tenure of Programme Advisors may be between three and five years though, as mentioned earlier, the Commission has not succeeded in implementing this up to now.

The Study Team had specially drawn attention to the fact that the channels of communication in the Planning Commission had come to be modelled on the Secretariat pattern and, therefore, there was not only too much formality but also inadequate communication among various Divisions. The Study Team had emphasised the importance of free and informal exchange of information and views among specialists working in different Divisions on matters which have vital inter-sectoral aspects. The Study Team had also emphasised the importance of reducing the hierarchical atmosphere in the Planning Commission as much as possible and the adoption of a professional mode of organisation. It was also recommended that procedures of work as well as the methods for recognition of work done in the Commission should be revised so as to induce personnel in the Commission to adopt a more professional approach to their work. It had also been suggested that there should be a greater interchange of papers prepared in different sections of the Commission. The Internal Reorganisation Committee has recommended in this connection that a system for circulating important papers and notes among concerned Divisions should be consistently followed.

In view of the nature of work expected to develop in the Commission, the Study Team had specifically recommended that special attention needed to be paid to the development of training facilities for persons who are to work in the Planning Commission and related agencies. A distinction was suggested between training in the econometric, statistical and other kinds of planning tools for specialists in Statistics and Economics, and training for specialists of different kinds regarding planning methodology. While officers belonging to the Indian Statistical and Economic Services are receiving training, no specific decisions have been taken by the Planning Commission on the training of other technical officers who are to work in the Planning Commission and other planning agencies. Some

State officers are being trained in investment planning at the Institute of Economic Growth.

This review of what the Planning Commission has decided, either directly or through its Internal Reorganisation Committee, on the various recommendations of the A.R.C. and its Study Team regarding organisation and personnel indicates that the approach suggested by them has been accepted in principle. For detailed implementation of some of the recommendations, there has not been much time as yet. However, a few points need to be specifically mentioned. Even though the new Commission has completed more than two and a half years of its existence, and it is over two since the final report of the A.R.C. and its Study Team have been available, there is little evidence that the Commission has made a beginning towards essential internal changes especially in the matter of reducing the hierarchical and secretariat type organisation and procedures, and making it more of a professional and functional organisation. Secondly, while the approach to personnel policies as suggested by the A.R.C. and its Study Team has been broadly accepted, there is little evidence of any concrete steps being taken along these lines. The proportion of general administrators remains large in the higher ranks of the Commission's personnel. Finally, though this is bound to be a subjective finding, there does not seem to be any significant improvement in the dialogue and communication among personnel operating at different levels and in different branches of the Commission.

## PLANNING PROCESS

### Changes Suggested

One of the principal points emphasised by the Study Team in its final Report was that an important part of the planning process consisted of "working out a few alternative possibilities, whether it is the long-term plan or the medium term plan. It is then for the political authorities concerned to make up their mind, through a process of discussion at different levels, about which of the alternatives is to be chosen."<sup>20</sup> It was pointed out that this could be done properly only if the implications of the alternatives were worked out in terms of the most important aspects and clearly posed. The Study Team emphasised that this had not been adequately done in the past and that unless this was done Plan formulation cannot begin on a proper basis. Endorsing this view, the A.R.C. suggested that when seeking guidelines from the N.D.C. for the formulation of the National Plan, the Commission should indicate a tentative framework of the Plan considered feasible by it, together with alternative approaches calling for different degrees of effort.

The second major change in the planning process advocated by the Study Team was that Plan formulation must become a much more continuous process than it had been in the past. It was felt that, as a part of the reorganisation of the planning process, a 15 year plan should be prepared along with every five year plan and that an interim five year plan should be prepared at least by the time half of the five year period was over so that a plan for the next five years is ready by that time — a kind of 'rolling plan'.

The third major change considered necessary by the Study Team in the planning process was that it was essential to spell out in detail the major policy implications of the proposed course of development and to point out to the Government the manner in which these policies needed to be implemented as

<sup>20</sup> Study Team II, p. 2.

well as the difficulties that might arise if any significant modifications were made in accepted policies during the course of the plan.

Discussing the crucial role played by the Central Working Groups in the plan formulation process, the Study Team had felt that the number of the Working Groups was too large, their composition sometimes unwieldy and also unduly restrictive—mainly confined as it was to Central official elements—technical support to them inadequate, and communication between them and their counterparts at the State level insufficient. It was also pointed out that, unless the Commission adequately fulfilled its initial responsibility of providing a basic framework to the Working Groups, it would inevitably find “on its hands proposals which are hardly coordinated in physical terms”.<sup>21</sup> The importance of taking decisions on vital issues and crucial choices well in time was particularly emphasised. The Study Team specifically warned that “no improvement in the planning process is possible if the Planning Commission and the Government do not come to conclusions about such basic issues. Patching up verbal compromises or evading the crucial issue will not serve any purpose.”<sup>22</sup>

While recognising the need for associating non-official experts with the plan formulation process, the Study Team observed that the plethora of advisory bodies created by the Planning Commission for this purpose had, for a variety of reasons, not really served any useful purpose. The composition of almost all the advisory groups was unwieldy, most of them rarely met and many had become moribund. It was, therefore, suggested that before reconstituting such groups, careful thought should be given to the purpose for which they are set up and the manner in which they should operate. The general approach outlined by the Study Team and supported by the A.R.C. was that, as far as practicable, the Commission should try to utilise the advisory bodies set up by different Central Ministries and it was only where this was not likely to achieve the purpose expected that small *ad hoc* groups may be constituted. Their membership should in no case exceed 20 (the A.R.C. put the limit at 15).

Regarding the role of the National Development Council,

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<sup>21</sup>Study Team II p. 9.

<sup>22</sup>*Ibid.*, p. 9.

the Study Team had emphasised that with the federal character of the Indian Union increasingly coming into play since 1967, the N.D.C. would have to play a more effective role as compared to the past. The Study Team recommended that in the overall planning process and specially in matters having Centre-State or inter-State implications, the Planning Commission should seek guidance from the N.D.C.

While examining the nature of Planning at the State level, the Study Team had found that because of the dependence of the States on the Central Government for development finance, attempts had often been made in the past to guide the detailed formulation of State Plans even in spheres which under the Constitution were within the jurisdiction of the States. The Study Team, therefore, recommended that as a general rule, greater freedom of action should be permitted to the States in the matter of State subjects except in cases involving matters of national importance. For this purpose, it was further recommended that the scheme of Central assistance should be liberalised and the number of Centrally sponsored schemes reduced to the minimum. It was suggested that Central assistance may be tied to the main heads of development and that there should be no attempt to relate assistance to any sub-heads or individual programmes except in matters involving national priorities. The A.R.C. was also in favour of making block grants of Central assistance to the States. It also suggested that in case there was a shortfall in the implementation of the State Plan, and as a result it was found that the Central assistance utilised by the State was more than what was proportionate to the expenditure it was to meet from out of its own resources, there should be a corresponding reduction in further Central assistance.

The A.R.C. as well as its Study Team had pointed out various defects, both procedural and substantive, in the process of annual plan formulation. It was pointed out that the term Annual Plan was a misnomer—what was attempted was essentially a review of the annual Capital and Revenue budgets and the criteria used were not very different from the normal financial scrutiny. With little annual phasing of the Five Year Plans, there were no bench marks to guide the scrutiny. Appraisals and Progress Reporting were inadequate to judge programme and project proposals. The whole process of Plan discussions was a

race against time with little of integration in the discussions in various Working Groups, each of whom tended to go its own way. It was, therefore, suggested that the time table for discussions should be so organised as to make a meaningful discussion possible and that discussions may be concentrated on broader issues like resource mobilisation, appraisal of performance in key areas and requirements of major projects. The Progress and Appraisal Reports should be available in good time and these should be used for discussing steps to improve future plan performance. The time table for discussions should be such that all the important elements involved should be able to participate and this "without undue hurry".

The Study Team had observed in its Interim Report that the Commission had not been able adequately to perform its function of appraising overall progress in the execution of each stage of the Plan. Attributing this mainly to the lack of a specialised agency in the Commission for this purpose, the Study Team recommended the creation of a fullfledged Evaluation Wing. Endorsing this suggestion, the A.R.C. also recommended that Annual Plan appraisals should be brought out and submitted to the Parliament by the Commission within a period of six months from the completion of a Plan year. It was particularly emphasised that the appraisals should be sufficiently objective to inspire confidence in Parliament, in the States and in the country as a whole, and that they should be sufficiently constructive so as to enable the Commission and the implementing authorities to draw useful lessons for future planning and conduct of development programmes. "The approach should be to analyse the data so as to locate bottlenecks and other factors which were responsible for higher or lower plan progress as against the stipulated physical targets. On the basis of such appraisals, we expect the Commission to adjust the Plan priorities and programmes if necessary, and also indicate any policy changes and administrative and procedural adjustments for improving plan performance. The annual appraisals would also serve the purpose of offering timely and corrective warning to the various implementing agencies."<sup>23</sup>

The Study Team had also emphasised the necessity of providing a proper opportunity to the Parliament to examine the actual

<sup>23</sup>Study Team II, p. 39.

working of economic plans in the country. For this purpose, it recommended the constitution of a special Parliamentary Committee on Planning, more or less on the same lines as the Committee on Public Undertakings.

### **The New Commission at Work**

Since assuming office in September 1967, the new Commission has prepared the Annual Plans for 1968-69 and 1969-70, the draft of the Fourth Five Year Plan and now the Fourth Five Year Plan for 1969-70 to 1973-74. The Annual Plan for 1970-71 has been finalised though no document has yet been published. The Commission has also published two progress reports for the Annual Plans for 1966-67 and 1967-68. Some reports of the Programme Evaluation Organisation have also been published.

It is difficult to judge the nature and the extent of the changes brought about in the Planning process except on the basis of detailed information collected specially from the Planning Commission and other related agencies. Failing this, reliance has had to be placed on press reports and the internal evidence available from the documents published by the Commission. In this paper we have attempted to piece together the story about how the new Commission has gone about its task, especially of formulating the Fourth Five Year Plan, on the basis of press reports and a study of the published documents. After piecing together the story of its operation, we examine how far the planning process has undergone changes and modifications and how these compare with those that were considered necessary by the A.R.C., its Study Team and other critics of the planning process—in other words, how far the planning process now shows an improvement over the past.

The Commission's programme regarding the formulation of the Fourth Five year Plan was submitted to the N.D.C. in December 1967. The Commission's proposal that the Fourth Five Year Plan may commence from the 1st of April, 1969, and that the interregnum of three years between the completion of the Third Five Year Plan and the commencement of the new Fourth Five Year Plan be treated as 'Annual Plan years', was endorsed by the N.D.C. The N.D.C. was also told that the draft of the Fourth Five Year Plan would be ready for its consideration by



September 1968.

The only substantive issue before the N.D.C. at its meeting in December 1967, related to the mobilisation of additional resources both by the Centre and the States. A number of suggestions were put forward by the Commission in this regard. The N.D.C. took a note of the need for making larger efforts in raising resources. The Commission's suggestion to merge agricultural income tax with general income tax was discussed; no decision was however taken. It was further decided that the Commission should set up a Committee to study the question of mobilisation of additional resources from the rural sector and regional committees to go into the questions of electricity and water rates. The N.D.C. also recognised the need for stabilisation of agricultural prices and the building up of buffer stocks.

The Commission's paper—'Approach to the Fourth Five Year Plan'—was presented to the N.D.C. at its meeting held on May 17-18, 1968. The main purpose of the 'Approach' paper, according to the Commission's Deputy Chairman, was to obtain guidelines from the N.D.C. He further pointed out that the paper did not attempt to review historical developments, or to cover every subject, and that their judgment regarding the feasibility of the growth rates proposed was based on an assessment of the potential. The Approach suggested that the main aim was to achieve growth consistent with stability. It emphasised the importance of building up buffer stocks of main agricultural commodities for this purpose. A growth rate of 5 to 6 per cent per annum (compound)—5 per cent in agriculture and 8 to 10 per cent in industry—was considered feasible. A major objective of the Fourth Plan was said to be the movement towards self-reliance as speedily as possible. The target was to reduce foreign aid net of interest and loan repayment to about half the existing level by the end of the Fourth Plan. It was also indicated that a growth rate of 5 per cent would require an increase in the rate of savings from 8 per cent to 12 per cent—and additional public sector resource mobilisation at about Rs. 200 crores every year. Growth at 6 per cent would involve greater mobilisation—Rs. 250 to Rs. 300 crores per year—but it would 'build up a sound base for future growth'.<sup>24</sup>

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<sup>24</sup> Planning Commission, "Approach to the Fourth Plan", p.6.

At the meeting, some of the Chief Ministers brought up problems of their own States, emphasised that it was not possible for them to raise more resources through additional taxation as taxation had reached a saturation point, and said that the major mobilisation effort would have to come from the Centre. The basic targets and the overall strategy outlined in the Approach Paper was generally endorsed though most Chief Ministers had one reservation or the other. The consensus was in favour of a plan with the magnitudes as suggested.

In the meantime, the Commission had constituted overall Planning Groups for each sector to review the reports of the old Working Groups (set up in connection with the formulation of the erstwhile\*Fourth Plan) so as to determine the extent to which use could be made of their findings. The Groups were also to review the approach and programmes as indicated in the Draft Outline of the Fourth Five Year Plan so as to determine the direction in which modifications were called for. Sixteen such Planning Groups were constituted for major sectors and sub-sectors. Under these Planning Groups, Working Groups were set up to formulate detailed proposals in different sectors. The main Working Groups numbered 42; they had 83 sub-groups. The total number of Planning Groups, Working Groups and their sub-groups came to about 141 as compared to about 150 such groups that had been constituted in connection with the formulation of the erstwhile Fourth Plan.

These groups were asked to keep a ten year perspective in view while formulating their proposals. As a broad indication, the groups were told that the sectoral outlays for the ensuing Fourth Plan were unlikely to be larger than those indicated in the Draft Outline. The 'Approach' paper was expected to provide the main guidelines. Some discussion papers attempting to provide a quantitative framework for the formulation of the Plan were prepared in the Commission; but these were not endorsed by the Commission as such. There was thus no overall quantitative framework even of a tentative character that could guide the Planning Groups and their sub-groups.

An early act of the new Commission was to abolish some 25 advisory groups that had been in existence for many years.

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\*All references to the 'erstwhile' Fourth Plan pertain to the original Fourth Plan expected to cover the period from 1966-67 to 1970-71.

Thereafter the Commission reconstituted five advisory panels, on Welfare of Backward Classes, Social Welfare, Education, Small Scale Industries, and Village Industries. The membership of the panels varied from 18 in the case of panels on industries to 58 in the case of the Education panel. The composition of the panels was broadbased, including as they did Central and State Government officials, Members of Legislatures, and non-official experts. Two more technical panels to study the problems of irrigated farming and long-term planning of water resources were set up subsequently.

The Commission also consulted various special groups regarding the Approach Paper. It held discussions with leaders of some political parties, progressive farmers, agricultural economists, leaders of cooperative institutions and a group of industrialists. These meetings were held during July-September 1968. All these discussions were mainly in terms of the general policy problems posed in the Approach Paper. Towards the end of July 1969, the Commission held a discussion with a group of economists.

While the N.D.C. had been told that the Draft Fourth Plan would be ready by September 1968, it was only by this time that the Commission appears to have been in a position to begin preparing the Draft. The reports of most of the Working Groups, including that of the Resources Working Group, became available towards the end of August 1968. Consultations with various interests also took place at about this time. The discussion with the States at the official level on the estimates of their resources for the Fourth Plan commenced early in September 1968. The criteria for the distribution of Central assistance among States for the Fourth Plan period were agreed upon in September 1968, as a result of the deliberations of a Committee of the N.D.C. The Interim Report of the Fifth Finance Commission also became available in October 1968. The Commission, therefore, envisaged that the Draft Plan document would be ready by the end of December 1968, and the final Plan document before the actual commencement of the Plan on April 1, 1969.

Early in October 1968, it was becoming evident that the size of the public sector outlay would be much less than what was envisaged in the Draft Outline of the erstwhile Fourth

Plan. The controversy over the size of Plan outlay, which was one of the usual features of plan formulation in the past, was again seemed to be raising its head. The difference in the financial resources as estimated by the Resources Working Group and as estimated by the Perspective Planning Division of the Commission was about Rs. 3,000 crores.<sup>25</sup> The Finance Ministry was reportedly of the view that mobilisation of additional resources by the Centre through fresh taxation could at best be only marginal. The uncertainty about this matter appears to have continued throughout the month of October 1968.

A meeting of the Planning Commission, with the Prime Minister and the Finance Minister present, held on November 8, 1968, ended without an agreement being reached on the overall size of the Plan.<sup>26</sup> The matter was, therefore, referred to the Central Cabinet. While doing so, the Commission appears to have refrained from indicating its own preference for any firm figure, contenting itself with forwarding a range of figures between Rs. 12,800 crores and Rs. 16,000 crores as public sector Plan Outlay. The Cabinet met thrice in November 1968, to consider this problem but failed to come to any conclusion.<sup>27</sup> The only decision taken was regarding the amount of Central assistance to States which was placed at the same figure of Rs. 3,500 crores as had been indicated in the Draft Outline. Apparently the Cabinet thought that the Chief Ministers must be given a firm indication about the Central assistance that would be made available; matters like overall magnitudes could wait even till after the meeting of the Committee of the N.D.C. which was scheduled for November 29, 1968.

The result was that the proposal placed before the Committee of the N.D.C. had to be a very limited one, confined as it was mainly to the question of mobilisation of resources by the States. The main parameters of the Plan including the Centre's proposed share in the mobilisation effort could not be placed before the Committee. This attempt to confine the N.D.C. Committee's discussion to State Plans and keep the Centre's share out of its purview at this stage was resented by a number of State representatives. All the Chief Ministers were arrayed against

<sup>25</sup>*The Financial Express*, October 2, 1968.

<sup>26</sup>*Ibid.*, November 9, 1968.

<sup>27</sup>*The Hindustan Times*, November 27, 1968.

the Centre and the Planning Commission, irrespective of their party affiliations. Conveying their inability to raise Rs. 1,500 crores by way of additional mobilisation as proposed by the Commission, the Chief Ministers unitedly put up a stiff opposition to the Commission's proposal for an agricultural income tax. Some of them suggested alternatives such as—the ratio between the Central and State Plans outlays should be reversed, investments on heavy industries should be postponed to the Fifth Plan, economies should be effected by pruning the size of the Central ministries dealing with State subjects and the resources thus available should be diverted to the States' sector.<sup>28</sup> Thus, with the States refusing to make any commitment regarding their share of the proposed mobilisation effort, and with only two months left for the finalisation of the Draft which had already been delayed, the Commission had little firm idea about the additional financial resources that either the Centre or the States were prepared to raise.

The Commission, however, went ahead with its discussions with State Governments—both officials and State Chief Ministers, as also the discussions with Central Ministries. These were largely completed by the end of January 1969. In the meantime, on December 24, 1968, the Commission succeeded in securing a decision on the size of the Plan outlay. In a full meeting of the Commission held on that date, presided over by the Prime Minister and attended by the Finance Minister, it was agreed that the Commission may proceed with the preparation of the Plan Draft on the basis of a total public sector outlay of Rs. 14,800 crores—Rs. 8,300 crores in the Central Sector and Rs. 6,500 crores in the State Sector. This was, however, subject to the rider that the Annual Plans would be used as the operational plans and the annual outlay would be determined by a review of the resource position from year to year.<sup>29</sup> The position regarding the State Plans continued to be uncertain as before. The Commission had not been able to obtain the commitment of more than five of the 17 States regarding additional resource mobilisation—three out of these five States being at that time under the President's Rule. The reluctance of most States to make firm commitments regarding additional mobilisation appears to have

<sup>28</sup>*The Financial Express*, November 30, 1968.

<sup>29</sup>*The Economic Times*, December 25, 1968.

been specially due to continuing fears about the impact of any such commitment on the final award of the Finance Commission. The hope that, somehow, Plan assistance could be increased by such a tactic as also the political uncertainty that dogged many States were also important factors responsible for this situation:

The Draft Plan was placed before the Cabinet in March 1969, and thereafter placed before the N.D.C. The meeting of the N.D.C. in April 1969, to consider the Draft Plan largely repeated the performance in the meeting of its sub-Committee held in November 1968. The Prime Minister attempted to create a favourable atmosphere for the formal deliberations of the N.D.C. through an informal discussion with State Chief Ministers on the day preceding the formal meeting. Three non-Congress Chief Ministers were reported to have said in this meeting that the draft put forward by the Commission would not pave the way for faster economic development and betterment of the common man. It was alleged that the States had not been properly associated with the drafting of the Plan. Most Chief Ministers emphasised that they were not happy with the distribution of Plan outlay between the Centre and the States and suggested larger allocations to the State's sector.<sup>30</sup> The same points were emphasised in the formal meeting when there was again a unanimous demand for additional Central assistance to the States and for relief in debt repayment to the Centre. The Deputy Chief Minister of West Bengal and the Chief Minister of Kerala wanted a reorientation in the ideological approach to Planning. While a few Chief Ministers went to the extent of rejecting the Draft Plan outright and demanded its remittance back to the Commission, others expressed their dissatisfaction in more moderate terms; none seemed to be happy about the Draft.<sup>31</sup> The official statement issued at the end of the discussions was somewhat ambiguous on the actual status of the document. It merely indicated that the N.D.C. had decided that the Draft should be placed before the Parliament and the country and that the Commission would reassess the resources position so as to see whether Central assistance could be stepped up. The question of rescheduling of debt payments was also to be considered. Two

<sup>30</sup>*The Financial Express*, April 19, 1969.

<sup>31</sup>*Ibid.*, April 19 & 20, 1969. Also see *The Economic Times*, April 19 & 20, 1969.

Chief Ministers made their position clear in their subsequent press conferences;<sup>32</sup> a third, after reaching his State capital, made it known that the silence of his Government on the status of the Draft should not be construed as approval of the document.<sup>33</sup> Presenting the Draft Plan to Parliament, the Prime Minister admitted that the document had been approved at the N.D.C. meeting by majority and not unanimously.<sup>34</sup>

The Deputy Chairman of the Commission, however, ruled out any significant restructuring of the Plan. While conceding that certain marginal adjustments might be made in the light of the final recommendations of the Finance Commission, he did not envisage any major changes. He also indicated that the final Plan would be ready by the end of 1969.<sup>35</sup>

The Draft of the Fourth Plan was discussed in the Lok Sabha on the 8th, 9th and 12th of May and in the Rajya Sabha from 13 to 15th May, 1969. The proposal for the creation of a special Parliamentary Committee on Planning had not been accepted by the Government. The Prime Minister's Committee of Members of Parliament discussed the Draft on October 31, 1969. The Draft was also discussed by the Consultative Committee of Parliament in November 1969.

The Fifth Finance Commission submitted its Report at the end of July 1969. The Government's decisions on the recommendations were announced at the end of August 1969. As was promised in the meeting of the N.D.C. held in April 1969, the Planning Commission thereafter made an assessment of the resources of States in the light of the award of the Finance Commission.<sup>36</sup> This was followed by a series of discussions with State Governments during September to December 1969. In the meanwhile, the Government decided to nationalise 14 major commercial banks. The earlier approach accepted by the Government—that of 'Social Control' of banking—had been commended by the Planning Commission in its Draft and it does not appear that the Commission was consulted before the decision to change the policy was taken. The Commission took

<sup>32</sup>*The Financial Express*, April 21, 1969.

<sup>33</sup>*The Economic Times*, April 22, 1969.

<sup>34</sup>*The Financial Express*, April 22, 1969.

<sup>35</sup>*Ibid.*, April 22, 1969.

<sup>36</sup>For an account of the changes made, see, Planning Commission : "Fourth Five Year Plan—Revised Outline 1969-74", pp. 1-5.

the view that nationalisation would make it possible to step up mobilisation of savings and thus some further increase in public sector outlay may be possible. In the light of all these developments and the reassessment of the resources position, the Planning Commission prepared a revised framework of the Plan, and this was approved by the full Planning Commission on January 20, 1970 and by the Union Cabinet on February 4, 1970.

The revised framework was presented to the N.D.C. in its meeting held on March 21-22, 1970. The discussion at the N.D.C. meeting, however, mainly revolved around the proposed provision of Special Assistance to some States of Rs. 800 crores for the Plan period. This assistance was to be given to help some States suffering from chronic deficits on non-Plan account so as to enable them to fulfil their plan obligations. The Chief Ministers of the States which were not benefiting from this provision launched an attack on this provision; some even questioned the authority of the Commission to make such a provision. The explanation given by the Deputy Chairman on behalf of the Planning Commission appeared to have blunted the edge of this criticism though some States continued to criticise the Plan proposals on this account. Though the States' share of Plan outlay had been stepped up by about Rs. 500 crores, most Chief Ministers complained that adequate attention had not been paid to their needs. The representative of one State made it clear that he would not approve of the Plan unless his proposal for the inclusion of a Steel Project to be located in his State was accepted. Ultimately, as in the case of the Draft Plan, the modifications suggested were approved only by 'a general consensus'.<sup>37</sup> The Plan document was finalised and placed before Parliament on May 18, 1970. Incidentally, unlike in the past, there was no formal signing of the document by the Chairman and other Members of the Commission before it was presented.

As early as February 1968, the new Commission had addressed a circular letter to all State Governments setting out its approach to Planning in States. This was followed by two more letters, in April and June 1968. While making a number of suggestions to improve State Planning, the Commission

<sup>37</sup>See *The Economic Times*, March 22, 1970 and *Financial Express*, March 23, 1970.



emphasised that in future it would like the States to exercise considerable initiative in working out their plan proposals. It was also pointed out that with the introduction of the system of block grants of Central assistance, it would not be necessary for the States to go in for standardised schemes and they would be largely free to choose their own schemes and programmes.

The question of Central assistance was taken up for re-examination by the new Commission soon after its appointment. As a result of the deliberations of a Committee of the N.D.C., specially constituted for the purpose, specific criteria were devised for the distribution of Central assistance among the States. A substantial reduction was made in the number of Centrally sponsored schemes. It was also agreed that the outlay on these schemes during the Fourth Plan would not exceed about one-sixth of the total Central Plan assistance to States. It was also decided that, during the Fourth Plan, 70 per cent of the Central assistance would be uniformly in the shape of loans and 30 per cent in the shape of grants."<sup>38</sup>

A significant change in the process of annual planning has been the elimination of bargaining for Central assistance, as a result of the adoption of firm criteria for its allocation. Certain procedural changes in the discussion process have also been introduced. Unlike in the past, when the discussion on the resources position with States usually took place only a day in advance of the discussion on plan proposals, the resource discussions are now held about a month earlier. No other major changes have been introduced in the annual plan process. The system continues to be largely what it was before.

The Commission accepted the A.R.C.'s recommendations for the constitution of a fulfilled Evaluation Wing. A proposal to this effect was put up to the N.D.C. and its approval obtained in December 1967. It has not yet been given effect to. The Commission also brought out in July 1968 a Progress Report on the Annual Plan for 1966-67. The Progress Report on the Annual Plan for 1967-68 was also published in December 1969. The Progress Report on the Third Five Year Plan has not yet been published.

<sup>38</sup>A detailed account of the changes that have been made in the scheme of Central Assistance and related aspects has been given in my brochure—"Centre-State Relations in Planning". Also see the Fourth Five Year Plan, 1969-74, pp. 54-57.

## Has the Process Improved ?

The importance of posing clear alternatives to the principal authorities like the N.D.C. and the Cabinet so that the Plan formulation process would proceed consistently and rationally had not only been emphasised by the A.R.C. and its Study Team; Prof. Gadgil himself had earlier laid stress on this as well as on the working out of a consistent policy framework for effective Plan formulation.<sup>39</sup> In the formulation of the Fourth Five Year Plan, it does not, however, appear that the Commission has done any such thing. Even the Approach document, which was the first one prepared by the new Commission and which was expected to provide the basis for the formulation of the Five Year Plan, did not pose any significant alternatives. Even where it laid down certain basic constraints on resource availability such as the necessity to do without foreign aid at the earliest possible moment and, in pursuance of this goal, to cut down the net foreign assistance by about half at the end of the Fourth Five Year Plan, there was no attempt to indicate what the cost of this approach was in terms of its impact on the possible growth rate. As Prof. Minhas has pointed out, "what the planners need to do is to clarify their minds about the terms on which we shall continue to accept aid and not overdraw the singular virtues of self-reliance in personal behaviour into National policy. Economic implications of alternative paths to self-reliance (aid) must, of course, be analysed and studied".<sup>40</sup> This has hardly been attempted by the Commission either in the Approach document or in any other document in the whole plan formulation process. This does not mean that there would be no internal discussions in the Commission—or between the Commission and the Government—about some of these major issues. What, however, has not happened is a clear public posing of the principal alternatives with their implications—so as to induce public discussion on these vital issues and obtain

<sup>39</sup>"The Plan which defines our strategy and route of industrialisation must not be put in a single, rigid frame. It must provide for a series of possible situations. It must aim to reach self-reliance early or late with large or no external assistance and must define a correspondingly narrow or wide basis". D. R. Gadgil : Indian Planning (1966) (mime).

<sup>40</sup>B. S. Minhas, "Fourth Plan : Objectives and Policy Framework", Bombay, 1969, p. 3.

public commitments from political leaders on the basis of such a confrontation. Whether we take the policies regarding foreign aid, industrial regulation and licensing, or land reform and agricultural development; in no case do we find the Commission posing alternative proposals, pointing out their implications and trying to obtain a rational policy decision from the political authorities—Central and State. All that we find is a statement of what the Commission thinks would be appropriate and feasible; the Approach paper was mainly such a statement and it was on its basis that consultations with different interest groups were held and public opinion ascertained. But no alternative policies were clearly framed; there was not even an attempt to pinpoint the reasons for the failure of past efforts and to draw lessons from them suggesting what should be done to avoid such failures in the future. We find this to be true even regarding issues which the Commission considered vital such as an appropriate policy regarding food—building up buffer stocks and a suitable price policy; and this is true not only about the Approach document but also about the Draft and the final Plan documents.<sup>41</sup>

It has already been pointed out that there was no attempt to associate the N.D.C. through Ministerial sub-Committees or, what would be more useful, groups of State officials, on a systematic and continuing basis in the process of plan formulation. This was undoubtedly one of the reasons of the almost complete lack of commitment to the Plan shown by State representatives at various stages of the deliberations regarding it. The hostility with which the scheme for Special Assistance was received by many States in the N.D.C. when it met for approving the final plan document was a good indicator of the communication gap that has continued to exist between the Commission and the States. It is true that the unpreparedness of many States to undertake unpopular measures, partly arising out of the political instability that they face, and the lack of any clear long-term thinking on their part, were also responsible for their taking a superficial and easy line of criticism during most

<sup>41</sup> Cf. "The most outstanding feature of the 'planned' Indian economy is thus the total absence of a policy frame. It would not be unfair to say that Indian planners are deliberately avoiding the construction of such a frame and that from plan to plan, there is definite regression in this respect".—D. R. Gadgil, *op. cit.*

N.D.C. discussions. Putting the blame on the Centre and on the Commission was thought to provide some propaganda advantages. It should also not be overlooked that, on many occasions, the Prime Minister and the Deputy Chairman of the Commission were able to obtain a consensus in favour of their proposals after patiently explaining what the proposals aimed at. Nevertheless, there was a significant omission in the planning process regarding the association of State representatives throughout the process of plan formulation on the lines suggested by the Study Team.

Another point specially stressed by the critics of the planning process in the past had been that there was a tendency to push differences of opinion and difficulties under the carpet instead of resolving them in a clear and purposeful manner. We hardly find any significant improvement in this respect. For example, in the very first meeting of the N.D.C. after it was reorganised, the Commission had put forward specific proposals regarding mobilisation of additional resources specially in the rural sector. All that could be decided was that sub-Committees should be constituted to go into the questions. While a few proposals such as those relating to the abolition of rural subsidies have been successfully implemented, proposals such as those relating to irrigation and electricity rates and taxation of agricultural incomes have been only very inadequately implemented. To take another example, it is well known that there was difference of opinion between the Commission and the Ministry of Industrial Development on the approach to industrial licensing; but even in the final plan document, there is no clear indication of what the Commission now considers to be the best way in which regulation of private industries should proceed. There is an elaborate statement of what the Commission had stated in the draft plan, what the A.R.C. had recommended, what the Dutt Committee had recommended and the broad features of the policy recently stated by Government; but there is not even a clear indication about what impact this change in policy will have on the industrial development in the Fourth Plan.

It is not necessary that the Planning Commission must carry the banner of its own views aloft even after the Government has taken a decision different from what the Commission has advocated. What is necessary, however, is a clear statement of the

different approaches and their implications in terms of expected development, etc., at the stage of discussion—say, in the Approach paper, or the Draft Plan—and a statement of the implications of the policy decided upon, at the final Plan stage. The Commission is doing neither.

Take another important aspect of the plan formulation process—that of sectoral planning. While it was a good idea to have Planning Groups to coordinate the thinking of Working Groups and maintain a certain consistency in the formulation of sector plans, there was hardly any change in the composition or manner of the functioning of these groups. Hardly was anything done regarding the suggested establishment of competent planning cells in the various sectoral departments and ministries. There was also little effort to improve the technical expertise available in the Commission itself. The building up of competent professional organisations in different critical sectors for continuous work on planning their development has hardly even begun. This is bound to take time. But what is alarming is that little progress on any of these aspects is apparent. The result of the inadequate expertise in the Ministries and the Commission was that the operation of the Working Groups was largely on the same lines as in the past.

The Commission also failed to provide any overall quantitative framework of the Plan as a whole to serve as a guideline to these groups. They were only asked to take note of the policy outlined in the Approach document, and the magnitudes indicated in the erstwhile Draft Fourth Plan, though it was not known to what extent these would be maintained. The papers on the Quantitative Framework done by the Perspective Planning Division were not formally approved or circulated—though they are understood to have been discussed by the Commission. The result was that there continued to be a divergence between the recommendations of the various Working Groups—the Planning Groups having been found in most cases not to be very effective in ensuring coordination—the magnitudes assumed in their proposals being sometimes quite different from those of related Working Groups. Unlike in the erstwhile Fourth Five Year Plan in whose case the framework prepared by the Perspective Planning Division in April 1964, had at least been accepted as a reference document, even though it continued to

be questioned both by Central Ministries and inside the Commission, this time the Commission had no such officially circulated document at all. Some senior officials even are understood to have suggested that the overall quantitative framework could only emerge as a result of the proposals that the various Working Groups and Planning Groups would put forward! Some Working Groups did pose the question about how they could prepare sectoral plans in the absence of an overall framework, but the Commission had no clear answer to give. The overall magnitudes considered appropriate by the Resources Working Groups were also quite naturally different from what came out of the Working Groups proposals. It is possible that the Quantitative Framework, even though not initially endorsed by the Commission, was useful at this stage to reconcile the vastly different figures that came out of the various Working and Planning Groups. But would not a Framework even tentatively accepted by the Commission have provided a more firm basis for the work of the Planning and Working Groups?

Similarly, the history regarding the Resources Working Group, the conflict between its estimates and the estimates of the Perspective Planning Division on the one hand, and those of the Ministry of Finance on the other, was not any different this time. In spite of the fact that the Planning Commission had in its Approach document indicated that additional resources to the extent of Rs. 200 crores would have to be mobilised each year and also suggested that mobilisation to the extent of Rs. 250 to Rs. 300 crores could also be thought of for building up a sound base for future growth, the Resources Working Group, as in the past, seems to have taken upon itself not merely the technical responsibility of working out the possibility of resource mobilisation through different measures, but also the political judgment regarding whether such mobilisation would be feasible or not. The result, as in the past, was prolonged debates about Plan size, and uncertainty and delay in Plan formulation in the meanwhile.

An important improvement in the planning process had been suggested in the role of Advisory Groups of different kinds and the use of outside professional expertise. Various critics including Prof. Gadgil when he was outside the Commission had pointed out that casual and unsystematic consultations

made it difficult for outside experts to play any effective role in the process of plan formulation. While the new Commission cleared the cobwebs by abolishing all the old advisory bodies and constituted only a few new ones, some of the new panels continue to be as unwieldy as some of the old ones and consultation with them was as unsystematic and casual as in the past. Consultations with various groups of non-officials were limited to a meeting or two when general problems of policy based on the Approach document were discussed. In the course of discussion with a group of industrialists, it appears that some participants pointedly suggested that more detailed discussions on specific problems relating to industrial planning should be organised and that they would be quite willing to cooperate in such an effort. The Commission failed to do any such thing. Economists who formerly used to constitute one of the major professional groups consulted by the Commission, especially at the time of plan formulation, were not consulted at all till the Draft Plan was published. While the proposal that outside experts should be brought in as Consultants to work on a whole-time or part-time basis for the Commission was accepted in principle, few efforts seem to have been made to rope in such persons.

It has already been indicated earlier that the suggestion that there should be a special Parliamentary Committee on Planning was not accepted. While the Planning Commission held a few discussions with the leaders of some political parties, one cannot say that an adequate effort was made to get legislators, either at the Centre or in the States, interested in the problems relating to plan formulation. The support of Parliament and States Legislative Assemblies was crucial if the Commission's suggestions regarding greater mobilisation of resources and new policies for attaining important socio-economic objectives were to find acceptance among political leaders. With the political instability and the resultant shortsightedness in political leadership, this was undoubtedly an uphill task. One does not, however, see any evidence that the Commission made any significant effort to get legislators to understand the importance of supporting certain basic policy approaches if some of the social and other objectives that they were harping upon were to be brought nearer.

One of the peculiarities of our past Plans had been a certain make-believe that we were planning in exact quantitative terms

for a large part of the economy. The Study Team had pointed out that this was neither possible nor necessary. "It is only necessary that objectives in broad terms such as national income and *per capita* income are laid down; and the requirements specified only in terms of those basic commodities and services in whose case, without planned action, bottlenecks which would upset the whole development effort would arise. Other items and activities can be left to the normal functioning of the economic system and the market forces."<sup>42</sup> The Commission has adopted this approach. For example, a distinction has been made in the planning of industries between the industries included in the 'core' sector for whom definite *targets* are proposed and others regarding whose output, only *estimates* are given in the Plan document. Similarly, in view of the very unsatisfactory data on employment that had been used in the earlier Plan documents, and on the advice of an expert group, the Commission has given up the practice of providing "estimates of labour force, additional employment generated and unemployment at the beginning or end of a Plan period, presented in one-dimensional magnitude."<sup>43</sup> In such technical matters, the new Commission has overcome certain wrong traditions and attempted greater care and precision in its formulation.

An important, though not always realised, change in the style of the new Commission's writings is that there is little attempt to use brave words to conceal inadequate proposals and achievements. Prof. Gadgil had earlier pointed out: "To indulge in fine writing while having no plans or intention of acting is wicked", especially in the context of the very poor classes. The new Commission has imbibed this lesson. There are no claims to great strides when none are in reality possible.

Regarding planning at the State level, there were two aspects on which the A.R.C. as well as other critics had focussed attention. One was the over-centralising tendency through a large number of Centrally sponsored schemes, varied patterns of assistance, and the distribution of Central plan assistance to States on an *ad hoc* basis. Various suggestions to correct these anomalies had been made. This was one of the areas in which

<sup>42</sup> Study Team I, p. 1.

<sup>43</sup> Fourth Five Year Plan, 1969-74, p. 427.



the new Commission acted promptly. With its assistance, a Committee of the N.D.C. was able to formulate certain principles regarding Central assistance which, albeit with some reservations, have been accepted by all the States. The resulting removal of bargaining between the Planning Commission and the States and other improvements regarding patterns of assistance, etc., have been a major achievement of the new Commission. The promptness with which the new Commission tackled this problem has probably been the single most important indicator of the non-political character of the new Commission. This has helped to maintain the reputation of the Commission among the States for its objectivity and impartiality in a period when there has been considerable political uncertainty and resultant distrust regarding the Centre.

At the same time, the Commission has failed to induce the States to improve their planning organisations. The encouragement given by the Commission to the States to formulate their development plans on their own initiative, and according to their own requirements and assessment of possibilities, has not helped to make the States more keenly aware of the importance of building up an expert planning organisation. The new Commission itself attempted at an early stage to sponsor the proposal that States should organise State Planning Boards on the lines recommended by the A.R.C. As most Chief Ministers were found to be reluctant to take such a step, the Commission has not later stressed this point. The result is that Planning in the States, in spite of various good ideas circulated by the Commission, remains largely at the same level as before the new Commission came in. While one could not expect much to be achieved in the course of less than three years, there are no indications even of a significant beginning towards more purposeful and professionally competent planning organisations in the States. Plan formulation largely continues to be on the usual departmental lines with sometimes a thin veneer of a macro-frame—the latter being hardly integrally related to the actual development plan.

An important part of the suggestions for improving the Planning Process was that results achieved should not only be speedily ascertained and evaluated but that they should also be actually utilised by way of learning lessons for the future. The failure of the Commission to maintain its early practice

of regularly issuing progress reports on plans, and the little use that was made of the evaluation studies, had been specially commented upon by the A.R.C. The new Commission has brought out Progress Reports for two Annual Plans. Though they have issued after a gap of about a year and half in each case, they are hardly so formulated as to analyse the reasons for the positive and negative results and suggest the lessons to be drawn. No progress report on the Third Five Year Plan has yet been published. It has already been pointed out earlier that the Approach Document did not include any review of the past on the basis of which the new proposals could be supported. There has also been little effort when laying down policies for the future to indicate the pitfalls experienced in the past which have to be avoided. The best illustration of this is in the final plan document itself. The Chapter on Implementation indulges in generalities and hardly lays down any concrete steps to be undertaken in this particular plan period for meeting the tasks that are projected in it.

## UNFULFILLED HOPES

The period between September 1967, when the new Commission was constituted and May 1970, when the Fourth Plan was presented by it to Parliament is not long enough for the Commission to have brought about many fundamental changes in the Planning Machinery and Process. Many of the inadequacies to which critics had been pointing required remedial action which would take some time to implement. It may also be claimed that the attention of the Commission through most of this period was focussed on the formulation of the Fourth Five Year Plan. Moreover, this period was marked by more political instability and attendant difficulties than any period in independent India's history—and hence it was quite difficult to secure political attention, leave alone support, to matters relating to long term development. The lack of any significant achievement in improving the Planning Machinery and Process may be to some extent ascribed to this climate of shortsightedness, expediency and instability in the country.

Granting all this, one cannot but conclude that the expectations aroused by the new team when the Commission was reconstituted have remained mostly unfulfilled. The new team began with almost a clean slate—not only were all the Members new, but there were also many changes in the higher echelons of the Commission's officials. In the newly emerging Centre-State relations, with different parties in power at the Centre and in the States, a non-partisan team had an excellent opportunity. There was increasing awareness in the country as a whole that in spite of the basic strategy of development and the overall statement of policies being along right lines, actual achievements both in terms of development and equity had been disappointing; and some drastic remedies to bring goals and attainment, promises and performance, more in line with each other were necessary. The new team, especially with a leader like Prof. Gadgil who had all along emphasised the importance of a proper policy,

framework, a more objective and professional operation of the Planning Machinery, and a much greater attention to the socio-economic objectives of development planning, was looked upon with considerable hope. This hope has, however, not been fulfilled.

The major success of the Commission has been in the field of Centre-State relations in Planning. With all the criticisms that States have levelled at the Commission, there is less dissatisfaction in States today about Central Assistance and other important federal planning problems than at any time in the past; and this is some achievement at a time like this.

But in many other respects, the Commission's record is disappointing. Whether one examines its own internal organisation and personnel policy, or the effectiveness with which it has been able to begin a reform of sectoral and regional planning agencies, one sees little evidence of any significant improvement. The Commission itself is certainly a more disciplined body today as compared specially to the Commission which it succeeded. But it has hardly adopted any changes either in its personnel policy or procedures which indicate a change from the bureaucratic and hierarchical organisation which its critics—including the A.R.C.—thought quite unsuitable for the functions it has to perform. Similarly, in spite of the postponement of the formulation of the Fourth Plan to April 1969, it hardly introduced any of the innovations in plan formulation which had been emphasised for a long time.

The real failure of the new Commission however lies in this—that at a time when basic policies and approaches were being questioned all over the country and there was a climate when people were looking for remedies, it gave no real lead in thinking. May be that much of the political controversy was superficial; may be that the leaders advocating radicalism for better attaining the oft-repeated socio-economic objectives were either ignorant or insincere. But was it not the function of a Planning Commission to give a lead to new thinking at such a time? If the much talked about 'ten-point programme' was superficially conceived, could not the Commission have put forward better conceived alternatives for institutional change as well as development as a basis for public discussion? What efforts did it make to build conveyor-belts between itself and important sections of